



General Assembly

February Session, 2004

***Amendment***

LCO No. 3611

\*SB0060703611SD0\*

Offered by:

SEN. SULLIVAN, 5<sup>th</sup> Dist.

To: Senate Bill No. 607

File No. 558

Cal. No. 401

***"AN ACT CONCERNING STATE AUDITS OF CERTAIN MUNICIPAL BUDGETS BY THE AUDITORS OF PUBLIC ACCOUNTS."***

1 Strike everything after the enacting clause and insert the following  
2 in lieu thereof:

3 "Section 1. Section 7-403a of the general statutes is repealed and the  
4 following is substituted in lieu thereof (*Effective from passage*):

5 (a) Upon the recommendation of the chief executive officer of a  
6 municipality and approval of the budget-making authority of the  
7 municipality, the legislative body of any municipality, as defined in  
8 section 7-369, may, by a majority vote, create a loss and retiree benefits  
9 reserve fund.

10 (b) Upon the recommendation of the chief executive officer and  
11 approval of the budget-making authority and the legislative body,  
12 there shall be paid into such reserve fund (1) amounts authorized to be  
13 transferred thereto from the general fund cash surplus available at the  
14 end of any fiscal year, (2) amounts raised by the annual levy of a tax

15 for the benefit of such fund, and for no other purpose, provided such  
16 tax shall be levied and collected in the same manner and at the same  
17 time as the regular annual taxes of the municipality, or (3) the proceeds  
18 of bonds, notes or other obligations issued pursuant to subsection (b)  
19 of section 7-374b.

20 (c) The budget-making authority may, from time to time, direct the  
21 treasurer to invest such portion of such reserve fund as in its opinion is  
22 advisable, provided: (1) Not more than [thirty-one] forty per cent of  
23 the total amount invested shall be invested in equity securities and (2)  
24 not less than fifty per cent of the total amount invested shall be  
25 invested in United States government obligations, United States  
26 agency obligations, United States postal service obligations, certificates  
27 of deposit, commercial paper, savings accounts and bank acceptances.

28 (d) The treasurer shall submit annually a complete and detailed  
29 report of the condition of such fund to the chief executive officer, the  
30 budget-making authority and the legislative body and such report  
31 shall be made a part of the annual report of the municipality.

32 (e) Upon the recommendation of the chief executive officer and the  
33 budget-making authority and approval by the legislative body, any  
34 part or the whole of such fund may be used and appropriated to pay  
35 only for property or casualty losses and employee retirement benefits,  
36 and expenses related thereto, including court costs and attorneys' fees,  
37 incurred by the municipality. Any unexpended portion of such  
38 appropriation remaining after such payment, together with all interest  
39 accruing on the balance in the fund, shall revert to and be credited to  
40 such reserve fund. For the purposes of this section, "property or  
41 casualty losses and employee retirement benefits" shall include, but  
42 not be limited to, (1) motor vehicle liability, physical damage and  
43 collision, (2) loss or damage to, or legal liability for, real or personal  
44 property, (3) legal liability for personal injuries or deaths, including  
45 but not limited to, workers' compensation and heart and hypertension,  
46 and (4) retiree health and life benefits.

47 (f) Such fund may be discontinued, after recommendation by the  
48 chief executive officer and the budget-making authority to the  
49 legislative body and upon approval of such body, and such fund shall  
50 be converted into, or added to, a sinking fund to provide for the  
51 retirement of the bonded indebtedness of the municipality. If the  
52 municipality has no bonded indebtedness, such fund shall be  
53 transferred to the general fund of the municipality."

This act shall take effect as follows:	
Section 1	<i>from passage</i>